



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

APR 30 2008

The Honorable Timothy Kaine
Governor of Virginia
Richmond, VA 23219

Dear Governor Kaine:

As you know, the Federal Transit Administration (FTA) today sent the required 10-day notification to Congress that it intends to advance the Dulles Corridor Metrorail Project — Extension to Wiehle Avenue into the Final Design stage under the FTA New Starts program.

In your February 1, 2008 letter to me, you indicated that you were willing to “make additional adjustments—large or small—to proceed forward into Final Design.” Federal Transit Administrator Simpson and I greatly appreciate the cooperation and assistance we have received from you and your staff in making improvements to the Dulles Rail Project over the last 90 days. We also appreciate the extensive supplemental materials provided to FTA by the project’s sponsor, the Metropolitan Washington Airports Authority (MWAA), and the Washington Metropolitan Area Transit Authority (WMATA), that have enabled us to conclude that progress has been made in addressing the concerns FTA raised earlier this year. Finally, we are thankful for the support of the Virginia Congressional delegation for their steadfast support of this Project and facilitating the negotiations that allowed the Project to reach the next step of the New Starts process.

As a result of the collaboration between Federal and State officials, the project sponsor and other project stakeholders, the financial stability and oversight of the Project has improved. Cost reductions have been verified and mechanisms have been established to enhance inter-organizational cooperation, technical capacity and project management.

But as you are aware, much work remains to be done to ensure full Federal support of this Project, and there is no guarantee at this time the Project will be eligible for a Full Funding Grant Agreement (FFGA). FTA will work with the project sponsors and monitor the progress of the Project’s cost-effectiveness and implementation of project oversight to ensure it continues to meet all New Starts criteria in the future.

There are two additional specific issues that we have previously discussed that are important to note at this juncture as being essential to the Project’s eligibility for an FFGA. As you seek to extend Metrorail through Tyson’s Corner, I want to re-emphasize the importance of the upkeep and maintenance of the existing system. WMATA recently identified \$489 million in urgent unfunded capital needs over the next 6 years, above and beyond its current capital funding plan.

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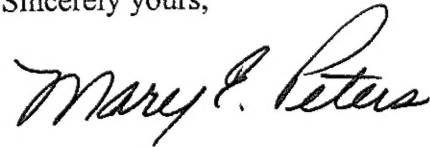
The Honorable Timothy Kaine

WMATA's ability to address this issue continues to be an area of concern, and I am asking your office, WMATA and members of the WMATA jurisdictions to commit to undertaking the required steps to guarantee the significant capital rehabilitation necessary for the overall system to enter into and maintain a state of good repair. These steps should include adopting unfunded capital needs into WMATA's capital improvement plan and requires identifying and committing funding for the first year of those needs.

Additionally, with respect to the Project's cost and schedule, we appreciate the ongoing efforts to mitigate the risks to the public sector associated with the management and delivery of the Project. But we believe that the Project still represents substantial risk to the taxpayers, and we urge you to continue efforts to reduce public exposure and transfer risk from the public to the private sector. As you know, keeping costs and schedules under control is crucial to the successful management and delivery of complex projects like this one, and maintaining current costs and avoiding escalations will be required for future Federal support.

Thank you again for your efforts. I look forward to working with you in the future.

Sincerely yours,

A handwritten signature in cursive script, reading "Mary E. Peters". The signature is written in dark ink and is positioned below the "Sincerely yours," text.

Mary E. Peters